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HOUSE BILL 472

**48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007**

INTRODUCED BY

Jose A. Campos

AN ACT

RELATING TO TAXATION; CREATING A MUNICIPAL INCOME TAX  
DISTRIBUTION; ADJUSTING THE MUNICIPAL GROSS RECEIPTS TAX  
DISTRIBUTION; RECONCILING CONFLICTING AMENDMENTS TO THE SAME  
SECTION OF LAW BY REPEALING LAWS 1990, CHAPTER 6, SECTION 19.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-1-6.1 NMSA 1978 (being Laws 1983,  
Chapter 211, Section 6, as amended by Laws 1990, Chapter 6,  
Section 19 and by Laws 1990, Chapter 86, Section 3) is amended  
to read:

"7-1-6.1. IDENTIFICATION OF MONEY IN TAX ADMINISTRATION  
SUSPENSE FUND--DISTRIBUTION.--After the necessary disbursements  
have been made from the tax administration suspense fund, the  
money remaining, except for remittances received within the  
previous sixty days that are unidentified as to source or

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1 disposition, in the suspense fund as of the last day of the  
2 month shall be identified by tax source and distributed or  
3 transferred in accordance with the applicable provisions of  
4 [~~Sections 7-1-6.2 through 7-1-6.19, 7-1-6.24 through 7-1-6.26~~  
5 ~~and 7-1-6.28 through 7-1-6.40 NMSA 1978~~] the Tax Administration  
6 Act. After the necessary distributions and transfers, any  
7 balance shall be distributed to the general fund."

8 Section 2. Section 7-1-6.4 NMSA 1978 (being Laws 1983,  
9 Chapter 211, Section 9, as amended) is amended to read:

10 "7-1-6.4. DISTRIBUTION--MUNICIPALITY FROM GROSS RECEIPTS  
11 TAX.--

12 A. Except as provided in Subsection B or C of this  
13 section, a distribution pursuant to Section 7-1-6.1 NMSA 1978  
14 shall be made to each municipality in an amount, subject to  
15 [~~any~~] an increase or decrease made pursuant to Section 7-1-6.15  
16 NMSA 1978, equal to the product of the quotient of one [~~and two~~  
17 ~~hundred twenty-five thousandths~~] percent divided by the tax  
18 rate imposed by Section 7-9-4 NMSA 1978 multiplied by the net  
19 receipts for the month attributable to the gross receipts tax  
20 from business locations:

21 (1) within that municipality;

22 (2) on land owned by the state, commonly known  
23 as the "state fairgrounds", within the exterior boundaries of  
24 that municipality;

25 (3) outside the boundaries of any municipality

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1 on land owned by that municipality; and

2 (4) on an Indian reservation or pueblo grant  
3 in an area that is contiguous to that municipality and in which  
4 the municipality performs services pursuant to a contract  
5 between the municipality and the Indian tribe or Indian pueblo  
6 if:

7 (a) the contract describes an area in  
8 which the municipality is required to perform services and  
9 requires the municipality to perform services that are  
10 substantially the same as the services the municipality  
11 performs for itself; and

12 (b) the governing body of the  
13 municipality has submitted a copy of the contract to the  
14 secretary.

15 B. If the reduction made by Laws 1991, Chapter 9,  
16 Section 9 to the distribution under this section impairs the  
17 ability of a municipality to meet its principal or interest  
18 payment obligations for revenue bonds outstanding prior to July  
19 1, 1991 that are secured by the pledge of all or part of the  
20 municipality's revenue from the distribution made under this  
21 section, then the amount distributed pursuant to this section  
22 to that municipality shall be increased by an amount sufficient  
23 to meet any required payment, provided that the distribution  
24 amount does not exceed the amount that would have been due that  
25 municipality under this section as it was in effect on June 30,

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1 1992.

2 C. If the reduction made in this 2007 act to the  
3 distribution under this section impairs the ability of a  
4 municipality to meet its principal or interest payment  
5 obligations for revenue bonds outstanding prior to January 1,  
6 2008 that are secured by the pledge of all or part of the  
7 municipality's revenue from the distribution made under this  
8 section, the municipality may pledge any amount of the  
9 distribution pursuant to Section 7-1-6.55 NMSA 1978 to meet  
10 required payments.

11 [~~E-~~] D. A distribution pursuant to this section may  
12 be adjusted for a distribution made to a tax increment  
13 development district with respect to a portion of a gross  
14 receipts tax increment dedicated by a municipality pursuant to  
15 the Tax Increment for Development Act."

16 Section 3. A new section of the Tax Administration Act,  
17 Section 7-1-6.55 NMSA 1978, is enacted to read:

18 "7-1-6.55. [NEW MATERIAL] DISTRIBUTION TO  
19 MUNICIPALITIES--INCOME TAX.--A distribution pursuant to Section  
20 7-1-6.1 NMSA 1978 shall be made to each municipality in an  
21 amount equal to the greater of:

22 A. the amount that would be distributed pursuant to  
23 Section 7-1-6.4 NMSA 1978 to the municipality in the current  
24 month if the percentage used for purposes of that section was  
25 two hundred twenty-five thousandths percent; or

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1           B. one-twelfth of an amount equal to two hundred  
2 seventy-five thousandths percent of the adjusted gross income  
3 reported pursuant to the Income Tax Act by residents of the  
4 municipality for taxable years beginning on or after January 1  
5 in the taxable year two years prior to the calendar year in  
6 which the distribution is made; provided that "adjusted gross  
7 income reported" does not include adjusted gross income  
8 reported on returns filed after October 15 of the calendar year  
9 following that taxable year."

10           Section 4. A new section of the Tax Administration Act is  
11 enacted to read:

12           "[NEW MATERIAL] REPORT TO APPROPRIATE LEGISLATIVE INTERIM  
13 COMMITTEE.--The secretary of taxation and revenue, the  
14 secretary of finance and administration and the executive  
15 director of the New Mexico municipal league shall report  
16 annually to the revenue stabilization and tax policy committee,  
17 or a successor legislative interim committee, the duties of  
18 which involve review of the revenue policy of the state, on the  
19 distributions made in the most recent fiscal year or calendar  
20 year to municipalities pursuant to the Tax Administration Act.  
21 The report shall include recommendations for changes in  
22 distribution formulas as they apply to municipalities or  
23 revenue sources for municipalities."

24           Section 5. TEMPORARY PROVISION.--For calendar year 2007,  
25 the secretary of taxation and revenue shall develop a method of

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1 determining as accurately as practicable the site of residence  
2 of income tax payers for purposes of determining the  
3 distribution to each municipality pursuant to the provisions of  
4 Section 7-1-6.55 NMSA 1978.

5 Section 6. REPEAL.--Laws 1990, Chapter 6, Section 19 is  
6 repealed.

7 Section 7. EFFECTIVE DATE.--The effective date of the  
8 provisions of this act is January 1, 2008.

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